

Kansas Racing and Gaming Commission



Don Brownlee
Executive Director

2018 Annual Report

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Executive Summary CY 2018

The Kansas Racing and Gaming Commission (KRGC) is the agency responsible for the regulation of expanded gaming and pari-mutuel wagering in Kansas. The mission of the KRGC is to protect the integrity of the gaming and racing industries through enforcement of Kansas laws and regulations. The KRGC is committed to preserving the public's trust and confidence in the Kansas gaming experience. The Kansas Expanded Lottery Act (KELA) and the Kansas Pari-mutuel Racing Act are the enabling legislation for expanded gaming and pari-mutuel wagering respectively. Currently, the KRGC's primary responsibilities are to ensure compliance with gaming laws and regulations, administer the responsible gambling Voluntary Exclusion Program, and assist in helping to protect the public from illegal gambling operations. The KRGC administers two programs: 1) the Expanded Gaming Regulation Program that regulates lottery gaming facility managers that operate state-owned games and the vendors of gaming equipment and supplies utilized by the lottery gaming facility managers; and 2) the Racing Operations Program that regulates the greyhound and horse racing industries, which is currently inactive. The Tribal Gaming Regulation Program that oversees the tribal casino industry in the state is administered solely by the State Gaming Agency, which reports separately.

The Expanded Gaming Regulation Program is administered to ensure that lottery and racetrack gaming facility managers and related vendors conduct state-owned gaming with the highest level of integrity by complying with the rules and regulations promulgated by the KRGC under KELA, as well as other applicable state and federal laws. Under KELA, the Kansas Lottery is authorized to own and operate casino-style games in four specific geographic zones, and to own and operate electronic gaming machines at pari-mutuel racetracks. The northeast gaming zone consists of Wyandotte County where the Hollywood Casino at the Kansas Speedway opened in February 2012; the south-central gaming zone consists of Sedgwick and Sumner counties where the Kansas Star Casino opened in December 2011; the southwest gaming zone consists of Ford County where the Boot Hill Casino and Resort opened in December 2009; and the southeast gaming zone consists of Crawford and Cherokee counties where the Kansas Crossing Casino opened March 2017.

The primary goals of the Racing Operation Program are to maintain the integrity of pari-mutuel wagering in Kansas and to protect the health, safety, and welfare of racing animals. Licensed racetrack activities in Kansas ceased operations in 2009. Since that time all pari-mutuel licenses have expired and no renewal applications have been filed. The KRGC is governed by a Commission which consists of five members appointed by the Governor and confirmed by the Senate for four-year terms. The KRGC meets monthly to address regulatory matters primarily related to casino-style gaming in Kansas.

The members of the Commission consist of:



Brandon L. Jones (Chair) from Ottawa, is both the Anderson and Franklin County Attorney. He was appointed to the Kansas Racing and Gaming Commission in May, 2015, by Governor Sam Brownback. A lifelong Kansan who was born and raised in Osage County, Mr. Jones graduated from Lyndon High School in 1993, earned a Bachelor of Arts in Political Science from the University of Kansas in May, 1997, and then attended the University of Kansas School of Law, graduating with a Juris Doctorate in May, 2000. He passed the Kansas bar exam and was admitted to both the Kansas state and federal bars in September, 2000. While in law school, Mr. Jones interned at the United States Attorney's Office in Topeka, Kansas and at the Johnson County District Attorney's Office in Olathe, Kansas. Since graduating, Mr. Jones has worked as an Assistant County Attorney in the Franklin County Attorney's Office in Ottawa, Kansas from May, 2000, through July, 2003, and as an Assistant District Attorney in the Douglas County District Attorney's Office in Lawrence, Kansas from August, 2003 through April, 2007. In April, 2007, he was appointed Osage County Attorney by the Osage County Republican Central

Committee to fill an unexpired term and won election for Osage County Attorney in November of 2008. In November, 2012, Mr. Jones was re-elected as Osage County Attorney and was also elected Anderson County Attorney. In 2018, Mr. Jones was appointed as Franklin County Attorney. He currently serves as County Attorney in both Franklin and Anderson Counties. Mr. Jones has been a prosecutor for 19 years and has tried over 50 jury trials and countless bench trials, preliminary hearings, and other contested court hearings. He is an active member of the Kansas County & District Attorneys Association, the National District Attorneys Association, the 4th Judicial District Community Corrections Advisory Board, the Garfield Elementary School (Ottawa, KS) Site Council, and is a past member of the U.S.D. 290 – Ottawa Board of Education. He lives in Ottawa, Kansas with his two children, Sydney and Landon.



David Moses (Vice Chair) from Wichita, is General Counsel for Wichita State University. Mr. Moses is admitted to practice law in Kansas, U.S. District Court for the District of Kansas, the Tenth Circuit Court of Appeals and the U.S. Supreme Court. He was appointed to the Kansas Racing and Gaming Commission in November, 2012 by Governor Sam Brownback. Born and raised in Wichita, Mr. Moses graduated from Washburn University with a Bachelor of Business Degree in 1976, received his Juris Doctor degree from Washburn University School of Law in 1979 and was admitted to the Kansas Bar the same year. After graduation, he served as an Assistant District Attorney for the Sedgwick County District Attorney. In 1990, Mr. Moses left his position as a Chief Administrative Attorney for the District Attorney to be of counsel with Curfman, Harris, Rose & Wertz, becoming a partner with Curfman, Harris less than a year later. He left Curfman, Harris to become a shareholder with the Wichita law firm of Case, Moses Zimmerman & Martin, P.A. which had offices in Wichita and Kansas City. He later became managing member of Moses and Pate, LLC where his practice included federal, state and local criminal defense work and

civil litigation in the areas of personal injury, education law, business disputes and employment. Mr. Moses has been active in local and state activities as a member of the City of Wichita Police & Fire Retirement Board, member of the Washburn University Board of Regents, Chairman of the Kansas Commission for Peace Officer Standards and Training, and instructor of Sports Law at Wichita State University. Mr. Moses is a member of the Wichita Bar Association, Kansas Bar Association, American Bar Association, and the American Association of Justice. He is married to Terri Moses and they have two adult sons and one daughter-in-law, all whom reside in Wichita.



Larry Turnquist (Secretary) from Salina, Kansas, is a former State Representative to the Kansas House and a retired Insurance Agent. Larry still farms in McPherson County and also serves as trustee of a family educational trust. Mr. Turnquist graduated from Lindsborg High School in 1970 and then attended Hutchinson Community College and received an Associate of Arts degree in 1972. He then finished his education at Bethany College in Lindsborg, Kansas receiving a Bachelor of Arts degree in 1974. In 1976 Mr. Turnquist was elected to the House of Representatives to represent the 69th district in Salina, Kansas and continued to represent the 69th district until January of 1993. Mr. Turnquist served on the House Insurance Committee as both Chairman and ranking minority member. He also served on the Ways and Means Committee and the Joint Committee on rules and regulations. In 1994, Mr. Turnquist was appointed to serve on the Kansas Department of Labor's employment security board of review and served as Chairman until 2013. During the time that Mr. Turnquist was serving in the Kansas House, he owned and operated Smoky Valley Insurance in Lindsborg, Kansas and continued to run his business until 2013 at which time he sold the agency. Mr. Turnquist was appointed to the Kansas Racing and Gaming

Commission in March of 2018 by Governor Jeff Coyler. Larry resides in Salina with his wife, Kathy. They have four adult daughters and four grandchildren.



Dave Myres from Shawnee, KS. Dave graduated in 1987 from the local public high school. He then graduated from Delta State University in Cleveland Mississippi with a degree in Finance. While at Delta State, Dave served in the Mississippi Army National Guard, Army ROTC and Student Government. After graduation, Dave was selected for active duty in the Army Air Defense branch. He was stationed at Fort Bliss, El Paso Texas. There he served as a Patriot Missile Maintenance Platoon Leader, Executive Officer and Commanding Officer of a Patriot Missile Headquarters unit. Dave completed his service obligation and has Honorably Discharged in 1998. Since then, Dave has been a medical sales professional with various industry leaders. He has been a sales representative, District Manager and Regional Manager. Currently, Dave is in National Accounts where is responsible for the corporate level relationship between Pfizer Global Established products and the large Hospital Systems in the Mid-West. Dave is married and has 4 children. Dave's family attends Westside Family Church where they are very active. Dave is a small group leader for 4th grade boys. Dave participates in the City-Church Partnership Leadership Team and he has been trained to be a volunteer law enforcement chaplain. Dave is a Republican

Precinct Committeeman, Kansas Selective Service Board Member and was nominated by the Governor to serve on the Kansas Racing and Gaming Commission. He is also a 2016 graduate of the Men's Excellence in Leadership Series. In 2017, he finished first in the primary for the Shawnee City Council in Ward 3, but very narrowly lost the General Election.

Historical Overview

Expanded Gaming

In 2007, the Kansas Legislature passed the Kansas Expanded Lottery Act (KELA), establishing four commercial gaming zones in Kansas. The act also authorized the Kansas Lottery to negotiate with pari-mutuel facility operators for the placement of electronic gaming machines at racetracks in the gaming zones. The KRGC is responsible for regulating the operation of lottery and racetrack gaming facilities in Kansas under KELA.

The Lottery Gaming Facility Review Board (LGFRB) was created by KELA to review the applications forwarded from the Kansas Lottery to determine the “best possible contract” in the four gaming zones. Once the LGFRB awarded a contract to an operator, the KRGC conducted a background investigation on the selected operator to determine the eligibility of that operator to engage in gaming activities based upon the high standards established by KELA.

Between December 2007 and December 2010, the LGFRB held 39 days of public meetings and evaluated 13 facility management contract proposals for the four gaming zones established by KELA.

The LGFRB selected Butler National Service Corporation (BNSC), a wholly-owned subsidiary of Butler National Corporation, as the operator for the southwest gaming zone where BHCMC, LLC, a joint venture between BNSC and BHC Investment Company, L.C., operate the Boot Hill Casino and Resort in Dodge City, Kansas; Peninsula Gaming, LLC as the operator for the south-central gaming zone where Kansas Star Casino, LLC, a wholly owned entity of Peninsula Gaming, LLC, operated the Kansas Star Casino in Mulvane, Kansas; and Kansas Entertainment, LLC, a joint venture between the International Speedway Corporation and Penn National Gaming, Inc., as the operator in the northeast gaming zone where it operates the Hollywood Casino at the Kansas Speedway in Kansas City, Kansas. The LGFRB was disbanded in 2011.

Due to changes in KELA in January of 2015 the LGFRB was reconvened. Between January and June of 2015 six LGFRB public meetings were conducted. The LGFRB selected Kansas Crossing Casino, L.C., a private company made up of multiple shareholders consisting of Kansas Crossing Real Estate, L.C., Kansas Crossing Hotel, L.C. and JNB Gaming, LLC, as the operator in the southeast gaming zone where it operates the Kansas Crossing Casino in Pittsburg, Kansas.

Casino Regulation

KELA requires that the KRGC regulate state-owned and operated casino-style games at lottery and racetrack gaming facilities.

Boot Hill Casino and Resort in Dodge City, Kansas

In December 2009, the Boot Hill Casino & Resort began operations in Dodge City, Kansas. Boot Hill completed expansion activities in August 2012 and currently has 650 electronic gaming machines, 18 table games and 2 poker tables. The United Wireless Arena, a 6,000 seat arena and 10,000 sq. ft. convention center funded through local funds, opened in February 2011. The arena, although not owned or operated by Boot Hill, is located adjacent to the facility. A hotel that is also adjacent to the Boot Hill Casino facility is part of the lottery gaming enterprise and opened to the public March 15, 2012.

Kansas Star Casino in Mulvane, Kansas

The Kansas Star Casino in Mulvane began operations December 20, 2011 owned by Peninsula Gaming. When Kansas Star opened it had limited hours in the arena casino while construction of the main casino facility continued. The arena casino began 24/7 operations in January 2012. In late 2012, Boyd Gaming acquired the casino from Peninsula Gaming. In December 2012, Kansas Star opened its permanent facility and currently offers 1,825 electronic gaming machines, 45 table games and a poker room along with five restaurants. Kansas Star also opened a connecting hotel as of December 2014 the hotel has 300 rooms. In January of 2015 Kansas Star opened the convention center and hosts a variety of entertainment events.

Hollywood Casino at the Kansas Speedway, Kansas City, Kansas

The Hollywood Casino at the Kansas Speedway in Kansas City opened in February 2012. The facility currently offers 2,000 electronic gaming machines, 52 table games and a poker room along with five restaurants.

Kansas Crossing Casino in Pittsburg, Kansas

The Kansas Crossing Casino opened in March of 2017. The facility has 625 slot machines, 16 table games, a 123-room Hampton Inn and Suites and a 600 seat entertainment complex.

Pari-Mutuel Racing

In 1986, Kansas voters approved an amendment to the Kansas Constitution authorizing the Kansas Legislature to license, regulate, and tax pari-mutuel wagering. In 1987, the Kansas Legislature enacted the Kansas Pari-mutuel Racing Act. The provisions of this act apply to horse and greyhound racing. Racing conducted under the pari-mutuel system of wagering began in 1988 and continued until 2009, when the last county fair racing meet occurred at Anthony Downs. Since 2009 no legalized pari-mutuel wagering has occurred in Kansas.

In September 2008, the KRGC issued a notice of violation to each of the racetrack operators and non-profit organizations that they had failed to conduct the required number of live horse and/or greyhound races to maintain their respective licenses. Each of these notices required the licensee to cure the violation by a date certain in order to maintain their license or the license would be subject to revocation. In December 2008, the KRGC issued an Administrative Order extending the deadline 30 days after the Kansas legislative session adjournment sine die. The deadline was extended twice more in 2009 to expire 30 days following the final adjournment of the 2010 Kansas legislative session. Each extension by the KRGC was an effort to provide additional time for legislative changes making horse and dog racing more attractive to participants and encourage the continuation of pari-mutuel wagering. Legislative changes that were attempted failed to pass. In June 2010, the last of the extended deadlines to cure the failure to conduct the agreed upon number live horse and/or greyhound races expired and the licenses of all three racetracks and all three non-profit organizations were revoked.

KRGC Key Programs and Operational Divisions

The day-to-day operations of the agency are administered by an executive director and staff. Governor Brownback appointed Don Brownlee the Executive Director of the Kansas Racing and Gaming Commission in September 2015. Mr. Brownlee was then reappointed by Governor Laura Kelly in 2019.

Mr. Brownlee was born and raised in the Wichita, KS area and has worked with the Kansas Racing and Gaming Commission for twelve years, where he was previously the Director of Security and has assisted with the closure of the pari-mutuel race tracks and the selection and opening of the three lottery owned casinos currently operating in Kansas.

Prior to joining the Kansas Racing and Gaming Commission, Mr. Brownlee was a production supervisor for the Coleman Company and spent twenty-nine years with the Kansas Highway Patrol, ending with the position of superintendent.

Responsible Gambling Program

Boot Hill Casino and Resort, Kansas Star Casino, Hollywood Casino at Kansas Speedway, and Kansas Crossing Casino each participate in the Responsible Gambling Program. This Program is comprised of responsible gambling regulations, a Responsible Gambling Plan, related internal controls, employee training, participation in KRGC's Voluntary Exclusion Program, and KRGC compliance enforcement.

The Responsible Gambling Plan is a lottery gaming facility manager's broad plan for ensuring its employees can recognize the risk factors and behaviors associated with problem gambling, underage gambling and excessive alcohol consumption. It provides guidelines to assist casino employees to take appropriate action to stop underage persons from entering the casino, to prevent patrons from gambling while intoxicated, to eject intoxicated patrons from the casino, and to assist problem gamblers to self-exclude if they are unable to control their gambling activities. The Problem Gambling Plan and KRGC's responsible gambling regulations are implemented through a system of detailed internal controls that specifies each employee's role in ensuring that all aspects of the Problem Gambling Plan and regulations are carried out. All casino employees receive periodic training on how to identify the signs of an intoxicated patron, how to communicate with and eject the patron if needed, and how to identify signs that a patron may have a gambling addiction and how to get the patron help with their addiction.

A very important and successful component of the Responsible Gambling Program is the Voluntary Exclusion Program, administered by the KRGC, which each facility manager is required to participate in. The VEP Program allows individuals who need or want to refrain from gambling the opportunity to voluntarily exclude themselves from all KRGC-regulated

casinos by signing an agreement with KRGC to exclude them from entering the casino to the extent possible. Participants may voluntarily exclude themselves for a period of two years or for their lifetime. Participants who exclude themselves may petition the executive director to be removed from the program after two years. Those participants must send a written request to the KRGC executive director and complete a problem gambling educational session with a problem gambling counselor. The request is reviewed by the executive director and approved if it appears the patron has met all of the requirements for removal. Participants who exclude themselves for a lifetime agree to never enter any KRGC regulated casino; however, they are not precluded from petitioning for removal after two years of participation.

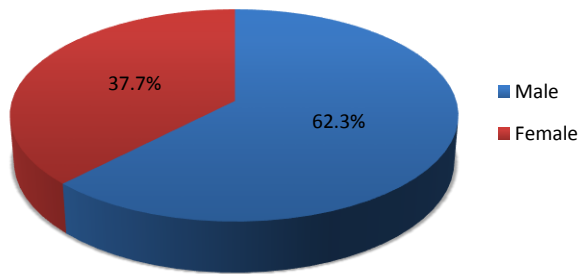
The KRGC enforces the Voluntary Exclusion Program contract by seizing any winnings, gaming tickets, or gaming chips in the excluded person's possession and forfeiting those winnings, by prior agreement, and depositing the proceeds into the Problem Gambling and Addictions Grant Fund if participants are found within a KRGC regulated casino. Additionally, Voluntary Exclusion Program participants who are found within a KRGC-regulated casino may be arrested for criminal trespass. The KRGC works with casino personnel to recognize and remove Voluntary Exclusion Program participants from the casinos as quickly as possible, but it is ultimately the responsibility of the Voluntary Exclusion Program participant to refrain from visiting KRGC-regulated casinos. All casino personnel are trained to refer any casino patron who asks about the Voluntary Exclusion Program to a KRGC agent to receive more information or enroll in the program. Casino employees who violate the KRGC's responsible gambling regulations or the facility manager's Responsible Gambling Plan or internal controls are subject to license suspension.

The KRGC maintains the Kansas problem gambling website, www.ksgamblinghelp.com, to provide resources for individuals with gambling problems and to raise awareness about problem gambling. In addition to the website, the Kansas Problem Gambling Helpline (800-522-4700) information is included in all promotional materials.

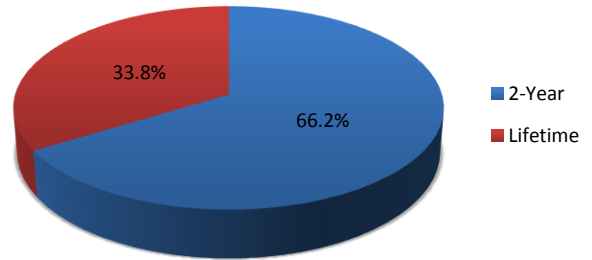
Voluntary Exclusion Program Statistics

Between 2010 and 2018, KRGC enrolled 2,064 persons in the VEP Program, including 287 from CY 2018. The following graphs depict data collection through CY 2018:

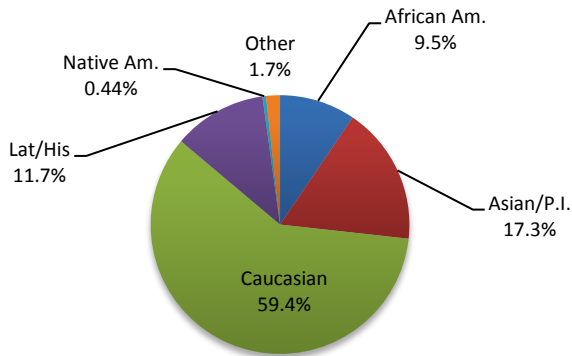
VEP Gender



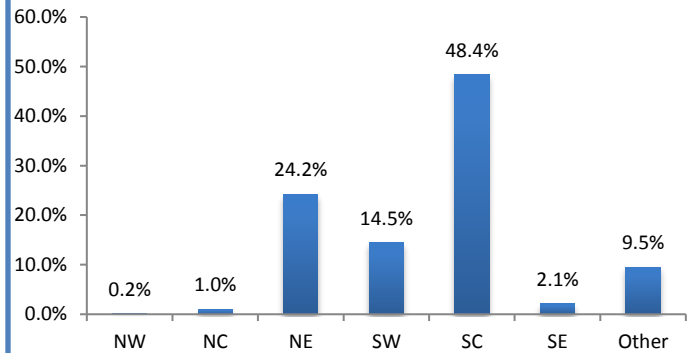
Exclusion Period



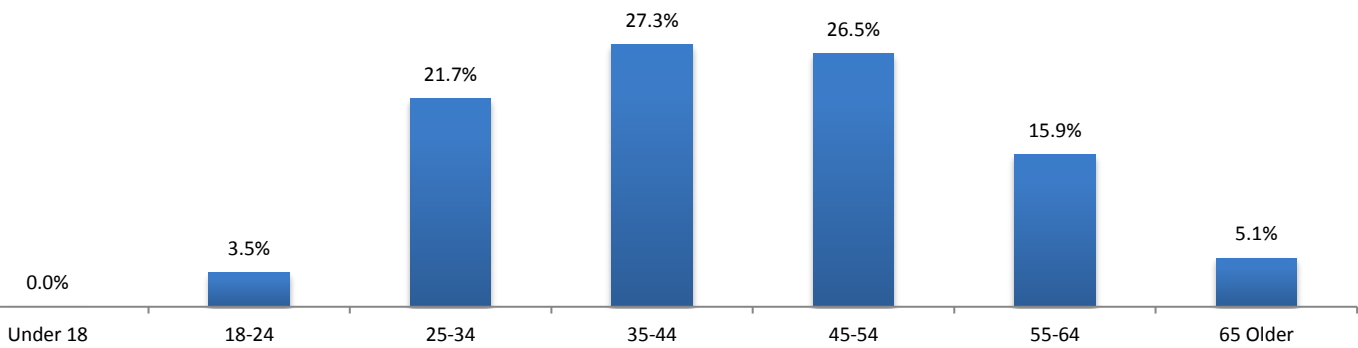
Ethnicity



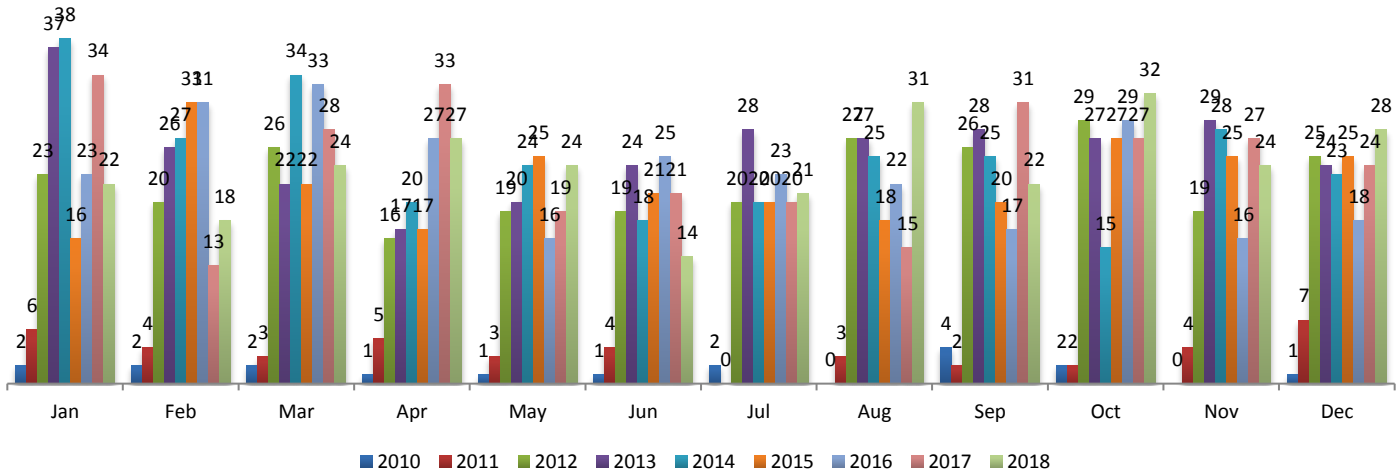
Lottery Region



Age of VEP



VEP Enrollments by Year



Legal Division

The KRGC Legal Division includes the general counsel, one paralegal, and one staff attorney. Legal Division responsibilities cover employment, administrative, civil and criminal law. KRGC attorneys analyze legislative bills for any impact on gaming or agency administration; create and amend regulations as needed; prepare agency action notices related to licensing decisions; issue notices of violations and summary proceeding orders for regulatory violations; and represent the agency in administrative hearings. Attorneys also research legal and agency issues; fulfill requests for information under the Kansas Open Records Act; respond to public inquiries and complaints; advise the human resources director on employment and union issues; conduct new commissioner training as well as training agency staff on legal issues as needed; and provide legal advice to commissioners and staff. The agency's attorneys represent the agency in civil litigation and contract negotiations and coordinate illegal gambling machine forfeiture proceedings with outside counsel.

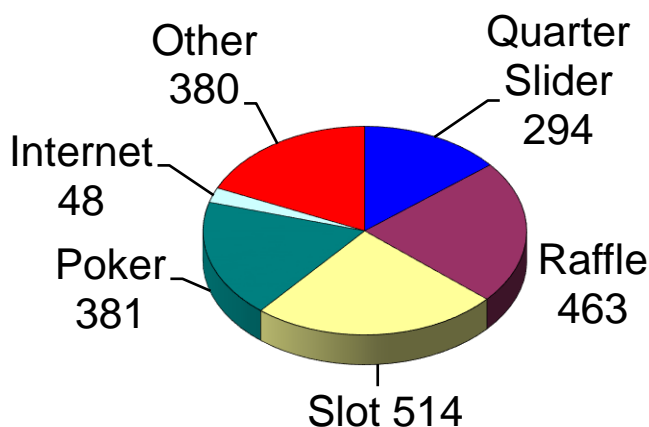
In addition to casino gaming issues, attorneys continue to address horse and greyhound pari-mutuel racing-related inquiries, issues, and proposed legislation. The Legal Division administers the Kansas-bred program for horses that has continued at the request of the racehorse-breeding community, despite the absence of any licensed horse racing facilities in Kansas.

KRGC employs a staff of law enforcement agents and investigators located both in Topeka, Kansas, and at the four casinos in Dodge City, Mulvane, Kansas City and Pittsburg. KRGC's attorneys advise the agents on licensing matters, regulatory issues and criminal matters and activities that arise at casinos, including theft, criminal trespass, disorderly conduct, prostitution, underage gambling and drinking, and unlawful wagering. Field agents are provided with specialty training by the legal department as requested.

The Legal Division administers the Voluntary Exclusion Program for problem gamblers, monitors compliance with the responsible gambling plans of each of the lottery gaming facility managers, and maintains monthly statistics about participants in the program. In addition, Legal staff represents the agency in meetings with regional problem gambling task forces and at training events involving responsible gambling and the VEP program. Legal staff processes legal agreements with casino patrons, referred to as voluntarily excluded persons or VEPs, who choose to voluntarily exclude themselves from state-operated casinos by participating in the state's Voluntary Exclusion Program. Legal staff issues summary proceeding orders and hearing notices whenever gambling winnings are confiscated from VEPs who are discovered gambling at a state-operated casino in violation of their VEP agreement. During calendar year 2018, a total of \$26,764.78 was confiscated from VEPs, and a total of \$110,800.65 has been confiscated since 2012. These funds, by contractual agreement with the VEPs, were deposited in the Kansas problem gambling and addictions grant fund.

The Legal Division also administers the Illegal Gambling Program. Beginning in 2007 with the passage of KELA, the KRGC became the primary coordinator for state-wide illegal gambling complaints, inquiries, training, investigations and illegal gambling device seizure and forfeiture. From 2007 through the 2018 calendar year end, the KRGC received 2,080 documented illegal gambling complaints and inquiries (via phone, letters and email) from the public. Of those complaints and inquiries, 166 were received in CY 2018, nine more than was received in CY 2017. KRGC attorneys respond to every inquiry and forward reports of illegal gambling operations to the agency's law enforcement agents for further investigation. In addition to public inquiries, KRGC receives many inquiries from law enforcement agencies, government attorneys, defense attorneys, and media outlets throughout the state wanting more information on gambling laws and related legislative bills. KRGC maintains a website with an illegal gambling "frequently asked questions" (FAQ) page, and KRGC attorneys update all legal content on that page and other web pages on the site. During CY 2018, there was a total of 5,644 unique page views of the Illegal Gambling FAQ page, or 2,363 more than in CY 2017. Complaints from the public generally concern raffles, illegal poker games and tournaments, internet gambling, and illegal slot machines, quarter sliders and video gambling devices located at bars, restaurants and convenience stores. In addition, there are a wide variety of less common gambling inquiries that include non-raffle lotteries, wagering on horse and other animal races, casino nights, for-profit bingo, dice games, pull tabs, political fundraising activities, fantasy sports and sports wagering. Since the May 14, 2018 U.S. Supreme Court decision to strike down the Professional and Amateur Sports Protection Act of 1992 (PASPA), which ruled the act unconstitutional, inquiries about the legality of sports wagering within Kansas have increased significantly.

Following is a breakdown of gambling-related phone call, mail and email inquiries received from the public through CY2018:



The above chart does not reflect calls and activity related to the following:

- reports made to KRGC enforcement agents by other law enforcement officers around the state;

- discussions with local law enforcement and district and county attorneys regarding legal issues related to illegal gambling and the services that KRGC can provide;
- time spent by agents and legal counsel assisting in active local investigations and prosecutions;
- time spent pursuing seizures and forfeitures of illegal gambling devices;
- time by KRGC attorneys presenting training to other attorneys and law enforcement officers on the topic of illegal gambling; or
- inquiries from the public that are answered through access to KRGC's Illegal Gambling Frequently Asked Questions (FAQs) web page, which can be found here: <http://www.krgc.ks.gov/index.php/racing-gaming-law/illegal-gambling/faq-s-2> .

KRGC does not have legal authority to prosecute illegal gambling crimes. Thus, KRGC attorneys deal with illegal gambling devices through civil asset seizure and forfeiture proceedings and by coordinating efforts with local law enforcement and city, county and district attorneys throughout the State who want to prosecute gambling crimes but need assistance with gambling device forensics and legal advice.

Between 2013 and 2018, KRGC's enforcement agents were involved in 1,141 illegal gambling machine seizures. Of those seized, 146 illegal gambling machines were seized by KRGC and 995 were seized by other law enforcement agencies with KRGC assistance. CY 2018 seizures totaled 380, with 11 seized by KRGC directly and 369 seized with KRGC's assistance. Total illegal gambling-related cash seized from 2013 to 2018 was \$720,859.27, including \$515,068.62 seized in CY 2018. Of the gambling proceeds seized in CY 2018, KRGC directly seized \$38,472.50 and other law enforcement agencies with KRGC assistance seized \$476,596.12. The KRGC Legal Division coordinates with outside counsel to ensure that the machines, cash and other gambling paraphernalia are forfeited through Kansas Standard Asset Seizure and Forfeiture Act proceedings.

Security and Licensing Division

Most of the Security and Licensing Division's personnel are vested with the power and authority of law enforcement officers in the execution of the duties performed for the KRGC under the provisions of KELA and the Pari-mutuel Racing Act. Currently, the division's goals are:

- to ensure the integrity of gaming in Kansas;
- to ensure gaming sites are a safe entertainment venue for patrons and employees;
- to be proactive and responsive to gaming laws and regulations; and
- to protect the interests of the public and the State as they relate to gaming.

Security and Licensing personnel work toward these goals by monitoring activities at the lottery gaming facilities, and investigating violations of the law and KRGC regulations. They serve as on-site regulatory staff for the KRGC acting as support to lottery gaming facility managers' security personnel and as a liaison between lottery gaming facility personnel and local law enforcement authorities.

The Security and Licensing Division conducts background investigations of lottery gaming facility management companies and their employees, lottery gaming facility suppliers and vendors and certain of their employees, as well as KRGC employees. Background investigations are conducted to protect the public interest by ensuring that only businesses and individuals exhibiting honesty and good character are eligible to engage in gaming operations in Kansas.

BACKGROUND INVESTIGATIONS	CY 2017	CY 2018	LICENSES	CY 2017	CY 2018
Backgrounds Completed	2573	2193	Kansas Crossing Employee Licenses Issues		
Backgrounds in Process			Commission Approved	234	217
Corporations	27	33	Denied	6	6
Corporate Employees	224	362	Temporary	408	118
Boot Hill Casino	69	39	Boot Hill Employee Licenses Issued		
Hollywood Casino	129	206	Commission Approved	180	185
Kansas Star Casino	161	110	Denied	17	2
Kansas Crossing Casino	130	86	Temporary	57	67
LICENSES	CY 2017	CY 2018	Hollywood Casino Employee Licenses Issued		
Gaming Licenses Issues			Commission Approved	644	429
Corporations	23	30	Denied	17	4
Corporate Employees	781	700	Temporary	277	255
			Kansas Star Casino Employee Licenses Issued		
			Commission Approved	662	616
			Denied	4	3
			Temporary	242	263

Information Technology and Electronic Security Division

The Information Technology and Electronic Security (ITES) Division provides IT support for all KRGC locations, electronic certification of electronic gaming machines (EGMs) and information system security audits.

In 2017, the division continued the improvement of the KRGC's gaming regulatory system at the Kansas Star Casino and the Hollywood Casino in addition to providing on-going maintenance of the system at the Boot Hill Casino. The system is a comprehensive regulatory system that allows:

- processing of gaming licenses and ID card issuance;
- electronic fingerprint processing;
- electronic document storage and management; and
- electronic incident reporting and security logs.

In addition, the division is responsible for maintaining the IRIS system, which is the inventory tracking system for EGMs and EGM software located at the three lottery gaming facilities. This system was also upgraded and data entered for Hollywood. This system is used by the KRGC to provide accurate, real-time tracking of all EGMs, EGM components and any associated issues.

The state entered into a contract with Gaming Laboratories International for the use of their GLI-Cloud. This is a cloud based system that GLI purports will complete all the functions of the upgraded IRIS system. The system presently is only an inventory system, but Electronic Security is working with the GLI Information Technology Staff to upgrade the system to complete the tasks needed in today's gaming regulatory tasks. This includes monitoring inspection activity, approving projects, approving shipments, and keeping the casinos informed on the current status of software.

ELECTRONIC SECURITY	CY 2017	CY 2018
EGM Disputes Investigated	4	12
Machine Software Inspections	6,870	3,500
EGM Hardware/Software Components Tested & Approved	1,944	1,974
EGM Hardware/Software Components Tested & Revoked	144	25
EGM Hardware/Software Components Tested & Rejected	8	5
Table Games Tested and Approved	8	9

Administration, Finance and Audit Division

The Administration, Finance and Audit Division manages the KRGC's audit program for the lottery gaming facility managers and provides general administrative and finance support for the KRGC. The audit program ensures that lottery gaming facility managers develop and implement KRGC approved internal control plans for the protection of state-owned assets and the public. The audit staff reviews all internal control amendments and recommends for Commission approval amendments that are consistent with required levels of protection while allowing for improved operations or accommodating changing conditions. In addition, audit staff performs quarterly reviews of internal audit operations of, and monthly reviews of financial and other reports submitted to the KRGC by lottery gaming facility managers.

AUDIT	CY 2017	CY 2018
Internal Control Plans Approved	1	0
Internal Control Plan Amendments/Waivers Reviewed	148	91
Internal Control Plan Amendments/Waivers Approved	115	79
Investigations of Audit Variances	0	1
Internal Control Violations Investigated	0	0
Casino Internal Audit Reports Reviewed	119	118
Casino Audits, On-Site	4	4
Casino Financial and Statistical Reports Reviewed	729	720
Revenue Analysis Reports	45	48

The division maintains the KRGC's accounting, purchasing, and budgeting functions. In 2011, the KRGC repaid the principal and interest of the \$5.0 million Pooled Money Investment Board (PMIB) loan provided to the KRGC in fiscal years 2007 and 2008. The loan was used by the KRGC to fund start-up and overhead expenditures related to lottery and racetrack gaming facilities until the number of lottery and/or racetrack gaming facilities was determined and the lottery and/or racetrack gaming facility manager for each gaming zone was selected. Following the selection of a lottery gaming facility manager for each of the southwest, south-central and northeast gaming zones the KRGC billed the selected lottery gaming facility managers for the principle and interest costs of the loan. The final payment from the lottery gaming facility managers was received, and the last loan payment was made to the PMIB in December 2011.

A summary of actual expenditures for the past two calendar years (CY) can be found on the following page.

Revenue and Expenditure

REVENUES		CY 2017	CY 2018
RACING			
Pari-mutuel Tax	\$	-	\$ -
Admissions Tax		-	-
Unclaimed Winning Tickets		-	-
Breakage		-	-
License Fees & Fines		1,333	1,130
Operating Reimbursements		-	-
Transfers		-	-
Miscellaneous		-	-
Subtotal – Revenues		1,333	1130
GAMING			
Review Board Charges	\$	-	\$ (218,509)
Background Reimbursements		148,568	198,184
Operations and Start-up		5,668,294	5,775,057
Illegal Gambling		-	1,377
Miscellaneous		1,955	4,772
Deposits/Refunds		465	(42,816)
Subtotal – Revenues		5,819,282	5,718,065
TOTAL REVENUES	\$	5,820,615	\$ 5,719,195

EXPENDITURES		CY 2017	CY 2018
RACING			
Grants for Fair Meets	\$	-	\$ -
Racing Operations		-	-
Breed Supplements		-	-
Transfers/Miscellaneous		2,466	990
Subtotal – Expenditures		2,466	990
GAMING			
Central Office	\$	2,252,965	\$ 2,597,975
PMIB Loan repayment, principle and interest		-	-
Review Board		1,055	-
Boot Hill		636,191	760,249
Hollywood		1,067,706	986,014
Kansas Star		1,058,243	1,049,209
Kansas Crossing		901,146	735,358
Subtotal – Expenditures		5,917,306	6,128,805
TOTAL EXPENDITURES	\$	5,919,772	\$ 6,129,795

REVENUES AND EXPENDITURES	2017	2018
TOTAL REVENUES	\$ 5,820,615	\$ -
TOTAL EXPENDITURES	\$ 5,919,772	\$ -

Boot Hill Casino and Resort

4000 West Comanche Street
Dodge City, Kansas 66111

(877) 906-0777

www.boothillcasino.com



Facility Information

Opened:

December 5, 2009

Gaming Floor:

647 Electronic Gaming Devices

19 Table Games

2 Poker Tables

Amenities:

Restaurant

Snack Bar

Hotel

Total Est. Employment:

Over 275 Full-time and part-time

Gaming Revenue

	CY 2017	CY 2018
Total Gaming Revenue	39,949,309	41,949,698
Distribution to Governments:		
State (22%)	8,788,848	9,228,934
Locals (3%)	1,198,479	1,258,491
Problem Gambling Fund (2%)	789,986	838,994

Hollywood Casino at Kansas Speedway

777 Hollywood Casino Boulevard
Kansas City, Kansas 66111
www.hollywoodcasinokansas.com



Facility Information

Opened:
February 3, 2012

Gaming Floor:
2,000 Electronic Gaming Devices
41 Table Games
12 Poker Tables

Amenities:
Steakhouse, Sports Bar, Buffet,
Cafes
Parking Garage

Total Est. Employment:
Over 700 Full-time and part-time

Gaming Revenue

	CY 2017	CY 2018
Total Gaming Revenue	147,027,537	150,389,696
Distribution to Governments:		
State (22%)	32,346,058	33,085,733
Locals (3%)	4,410,826	4,511,691
Problem Gambling Fund (2%)	2,940,551	3,007,794

Kansas Star Casino

777 Kansas Star Drive
Mulvane, Kansas 67110
www.kansasstarcasino.com



Facility Information

Opened:
December 20, 2011

Gaming Floor:
1,754 Electronic Gaming Devices
52 Table Games
10 Poker Tables

Amenities:
Steakhouse, Sports Bar, Buffet,
Snack Bar
Hotel

Total Est. Employment:
Over 800 Full-time and Part-time

Gaming Revenue

	CY 2017	CY 2018
Total Gaming Revenue	179,878,941	170,164,200
Distribution to Governments:		
State (22%)	39,573,367	37,436,124
Marginal State (2% - tier two rate)	-	-
Locals (3%)	5,396,368	5,104,926
Problem Gambling Fund (2%)	3,597,579	3,403,284

Kansas Crossing Casino

1275 South Highway 69
Pittsburg, Kansas 66762
www.kansascrossingcasino.com



Facility Information

Opened:

March 31, 2017

Gaming Floor:

571 Electronic Gaming Devices

16 Table Games

Amenities:

Restaurant & Bar

Event Center

Hotel

Total Est. Employment:

Over 245 Full-time and Part-time

Gaming Revenue

	CY 2017	CY 2018
Total Gaming Revenue	22,804,975	34,301,688
Distribution to Governments:		
State (22%)	5,017,094	7,546,371
Locals (3%)	684,149	1,029,051
Problem Gambling Fund (2%)	456,099	686,034

State Gaming Agency

The State Gaming Agency is attached to the Kansas Racing and Gaming Commission. The budget of the State Gaming Agency, the number and qualifications of employees of the State Gaming Agency, and expenditures by the State Gaming Agency for expenses of dispute resolution pursuant to a tribal-state gaming compact shall be subject to approval by the Kansas Racing and Gaming Commission. All other management functions of the State Gaming Agency are administered by the executive director, independent of the Kansas Racing and Gaming Commission. The State Gaming Agency's mission is to uphold the integrity of Indian gaming operations in Kansas by enforcing the tribal-state compacts and the Tribal Gaming Oversight Act. Four tribes continue to operate casinos in Kansas pursuant to tribal-state gaming compacts, and annual assessments from those tribes finance the agency's operations. The agency performs background investigations necessary prior to licensing for casino employees, management contractors, manufacturers and distributors for each tribal casino. In addition, the agency conducts inspections and monitors activity for compliance with not only the tribal-state gaming compacts but also applicable state and federal laws.

PERFORMANCE MEASURES	FY 2018
Individual employee background investigations	460
Manufacturer / distributor background investigations	24
Criminal investigations	1
Compact compliance investigations	2
Compliance inspections conducted at gaming facilities	2910
Individual EGD (electronic gaming device) inspections	391

Class III Tribal Gaming Facilities in Kansas

GAMING FACILITY	LOCATION (Closest City)	OPERATING TRIBE/NATION
Casino White Cloud	White Cloud	Iowa Tribe of Kansas and Nebraska
Prairie Band Casino & Resort	Mayetta	Prairie Band Potawatomi Nation in Kansas
Golden Eagle Casino	Horton	Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas
Sac & Fox Casino	Powhattan	Sac & Fox Nation of Missouri in Kansas and Nebraska



Kansas Racing and Gaming Commission

700 SW Harrison, Suite 500
Topeka, KS 66603-3754
785.296.5800

www.krgc.ks.gov

Gambling problem?

Getting Help is your **Best Bet.**

800.522.4700 ksgamblinghelp.com